

LONG ISLAND POWER AUTHORITY

LEGISLATIVE OVERSIGHT COMMITTEE

Verbatim Minutes

A regular meeting of the LIPA Oversight Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, NY 11788, on August 24, 2011 at 6:12 P.M.

Members Present:

Matthew C. Cordaro - Co-Chair/Electric Utility Expert
Sheldon R. Sackstein - Co-Chair/Energy Expert
Peter G. Schlusser - Electric Utility Expert/Secretary
Irving Like, Esq. - Energy Expert
Joseph Schroeder - Energy Expert/Suffolk County Legislature
Fred Gorman - Nesconset Sachem Civil Organization

Also in Attendance:

Shawn Hymms - Lake Ronkonkoma

Verbatim Minutes Taken By:

Donna Catalano, Court Stenographer

Verbatim Minutes Transcribed By:

Denise Weaver, Legislative Aide

(THE MEETING WAS CALLED TO ORDER AT 6:12 P.M.)

MR. SACKSTEIN:

Good evening everyone. Sorry to bring you all in on such short notice. My name is Shelly Sackstein. I'm Co-Chair of the Suffolk County LIPA Oversight Committee. I'd like to call the meeting order and perhaps we'd start on this end and everybody would introduce themselves.

MR. GORMAN:

Fred Gorman.

MR. SCHLUSSLER:

Peter Schlusser.

MR. CORDARO:

Matthew Cordaro.

MR. LIKE:

Irving Like.

MR. SCHROEDER:

Joe Schroeder.

MR. SACKSTEIN:

I want to thank everybody for being here. This meeting is called specifically to, at least for the moment, to address the issue of the imminent decision that's about to be made by LIPA in relation to the structure and then perhaps the awarding of the management services agreement. We've been working on a document internally that addresses our position that we would like to take publically in relation to the two preceding issues that are on the agenda, which is the management services agreement and the structure of LIPA. Anybody have any comments? Joe.

MR. SCHROEDER:

Well, just that subject to some of the correspondence that we've had amongst the group over the past weeks and contacts to the meetings that were held last week, including the LIPA board meeting, we've been discussing the possibility of sending a letter to the governor to ask him to intervene on behalf of Long Island ratepayers and the Long Island economy to forestall the decision by LIPA to commit to an extension or a -- not extension, an award of a new management service agreement and to better assess the options that had been evaluated on LIPA's behalf and presented by the Brattle Group without the benefit of an actual report with details so that it could be evaluated. That and other considerations are included in this letter and is the subject of our afternoon's conversations.

MR. LIKE:

I have a motion to make. Joe Schroeder has prepared a proposed draft of a letter to the governor, which was circulated amongst us. There been some proposed amendments, I believe there may be some further additions. What I suggest is that the letter be read verbatim into the record as it now stands. And that anyone of us then offer any proposed amendment or revision to the letter.

MR. CORDARO:

Might I suggest just providing a copy to the court reporter, the stenographer and enter it as if read rather than go through the actual labor or reading it.

MR. LIKE:

For the benefit of the members of the public that were here, that would be the reason for reading it

so they know what the letter is all about.

MR. CORDARO:

Oh, okay. All right.

MR. LIKE:

Joe, why don't you read the letter. Okay? Do we have a second on that motion?

MR. GORMAN:

I'll second that.

MR. SACKSTEIN:

All those in favor? Anybody opposed? Any abstentions? Motion is passed. So who's going to read it? Joe? And it will be handed in for the record. If you want to write it -- record it, you can.

MR. SCHROEDER:

Okay. So this is a draft of this letter. As Irving indicated, it's still a living document and subject to amendments but is essentially as follows. "On behalf of Long Island electric ratepayers, and as an advocate and protector of the Long Island economy, Governor Cuomo must prevent LIPA from implementing structural modifications recommended by consultants without even the benefit of a report from the consultants making the recommendations, i.e. the Brattle Group, and, as required by law, a period of public comment relating to that report.

The Long Island Power Authority, LIPA, is about to make monumental structural decisions that will have long-term ramifications for the Long Island region and the State of New York for decades to come. At this extremely formative time in LIPA's brief history, Governor Cuomo must intervene to delay action by LIPA to assign a new Management Service Agreement, this delay should first apply to the structural decisions that will adopt existing National Grid employees into a for-profit SERVCO business unit to be managed by others in contract to LIPA much as the current unruly and expensive MSA arrangement with National Grid.

The structural options currently under consideration by LIPA include full privatization, full municipalization and a partial, municipalization with a profit driven SERVCO business unit, similar to the current structure. Absent the full Brattle Group report, our assessment favors a full municipal utility structure for Long Island. We also recommend full Public Service Commission regulation to improve the integrity of LIPA operations, rates and investment strategies.

Long Island has long been a strong economic engine for the state and energy is the life-blood of our economy. It cannot be understated that our ability to compete against other regions of the country and the world hangs in the balance. It is our view that the benefits afforded to Long Island electric ratepayers by the Long Island Power Authority takeover of the region's electric utility have been a squandered opportunity and that the current governance over the utility has failed to adequately serve the needs of our region. LIPA carries oppressive debt on which payments have been diverted to pay operating expenses, bonded and compounded with additional debt service. Energy demand growth has grown unabated despite hundreds of millions of dollars spent on ratepayer funded but ineffective efficiency programs, with questionable attention to cost/benefit. As a consequence of natural demand growth and demand growth induced by LIPA's practices, ratepayers are now saddled with investments in electric generation and transmission resources that might have been scaled lower with better system management. Our local economy simply cannot sustain these practices.

As one of many changes that must occur at the utility, we urge that Section 1020 of New York State Public Authorities Law, aka, the LIPA Act, be revisited for the purpose of restructuring the Board of Directors of the Long Island Power Authority. It is the consensus of this committee that prior

incarnations of the LIPA Act be used as a framework to reconstitute the Board of Directors possibly as a blend of elected representatives and paid professionals that would be more responsive to local ratepayer issues. The detailed makeup of this board should be carefully considered in a collaborative process in the drafting of the new legislation. This committee offers the following to begin that process. Elected officials should be drawn from locally defined utility districts, perhaps a total of six, one from the Rockaway peninsula, two from Nassau County, and three from Suffolk County and seven paid industry professionals or seven elected with four from Suffolk and six paid professionals.

We believe this structural change in governance is absolutely necessary and that an newly constituted board rather than the current appointed board is better suited to make the important decisions facing LIPA. We also urge that legislation creating the new LIPA structure should be introduced promptly during the next state legislative session and put on a fast track."

And that concludes the letter as it is at this moment.

MR. SACKSTEIN:

Are there any recommendations for changes?

MR. CORDARO:

Yes, I've been reading it and I had a chance to read it quickly at home on the fly so I didn't have a chance to communicate with you earlier. And there was an attempt by Joe here to insert something to get the -- to capture the essence of a comment I made earlier in the day, but as I finally see it in print here, I have a suggestion to -- may tighten it a little bit and make it a little bit cleaner and it relates to the sentence that Joe had inserted to respond to my comment.

I would delete the sentence in the second paragraph that starts *this delay* and ends with *arrangement with National Grid*. And I would compensate for that by modifying the preceding sentence to read: *At this extremely formative time in LIPA's brief history, Governor Cuomo, must intervene to delay action by LIPA to adopt a revised organizational structure and assign a new management services agreement. (MSA)*. And I think that accomplishes the same objective but is a lot tighter and briefer and more to the point.

The only other comment, I think this is very well written and I want to commend Joe for the good job he's done on this, the other comment I have relates to the last paragraph and it's a small -- a small comment or modest comment. I believe that the sentence starting *we believe this structural change in governance is necessary*; just be slightly modified to say: *we believe a structural change in governance is absolutely necessary*. And in the very last sentence, I also would suggest that it read *we also urge that if legislation creating a new LIPA structure is required, it should be introduced promptly during the next state Legislative session and put on a fast track*. And the reason I say that is we're not certain or sure that indeed legislation is required to allow LIPA to adopt the structure so this covers the fact that it may or may not be needed. But if it is needed it should be put on a fast track.

So I just make those editorial comments. I don't believe they're significant comments from a substantive standpoint.

MR. SACKSTEIN:

All right. Any comments?

MR. GORMAN:

I've already read it. I have a serious problem with the last paragraph, but I also want to point out to everybody here. Somebody is making material misrepresentation to this board. I've spoken to

LIPA board members and they told me that they have been inundated with documentation, which we've been told does not exist and that they're going to put it together for us and they're going to make a white paper out of the presentation. Now that's materially a very serious thing. I don't know if you want to bring that to anyone's attention. But I can't tell you whether they're FOIL officer is deliberately misrepresenting something or there is a confusion as to what is material.

Secondly, when it comes to actually examining the Brattle report; it is all subjective. It is all basically speculation. They are saying this is what they think but they're not really basing it on any actual facts. They don't have any facts in that report, they have estimations. And those estimations are not necessarily based on the most accurate facts. I think Peter, for example, has a tremendous difference with -- what has to be done with respects to the employees and where they would have to go in the process. And that's just one of the many, many objections to it. The truth of the matter is, it's totally subjective. And unless you have read an actual management agreement that is between a provider; example, Con Edison submitted this plan and based on this plan I'm now going to evaluate it as respects to us going by ourselves. Unless you have a process like that, you have no process at all. This is one bad guess versus another bad guess and it's purely, you know, as I said, I said it was pulling out of some place, but basically what I'm saying is it's all subjective. There is absolutely nothing concrete that you can go on and I can take this same plant, ask a hundred questions of any utility in the United States of America and come up with a similar result as long as I had the spreadsheet. Pete could probably do it even faster.

So I mean, there is no reason to give any validity to the report. I don't even know why they took it out. I mean, what are they really trying to justify if you're doing it all based on air. So, I mean, I have a problem I think that we should be explaining the fact that they are not looking at real information or statistical data and that's why they came out with this kind of report because they don't have any until they sit down with Con Edison, Public Service Gas, National Grid, actually examine how they've responded to that because I've looked at the management services agreement, you know, the RFP. It's all subjective. They're asking them how are you going to do it. So everyone is obviously going to come in with a different plan. So without knowing exactly what the plan is, how can you turn around and make decision a decision as to whether or not I can do it better myself or not, I mean, there could be, for example, Con Edison could come up with a very sophisticated plan that everybody on this board would say, *wow, that's the way to go*. But we don't that and they don't know that because Con Edison hasn't presented them with a plan. So this is really putting the cart before the horse and I think we should mention that.

And I have never agreed to a board that would involve professionals. I don't believe professionals should sit on the board. The governor is not a professional. And I think we should have elected people. As I've often stated felt I should be paid and I'm not going to agree or sign off on any letter that turns around and says that we should, you know, or suggest that we should have that. You could end that by saying that you think they should have an elected board and we can always go further. I can sign elected board I can't sign it where we're sending them in a direction where you're saying that I agree with professionals on the board.

MR. LIKE:

I'd like to respond to that. And perhaps some amendment of the language can ease your concern. The points that are made in the letter do not represent a demand that these particular items be included. This letter simply is intended to place before the Legislature and the governor a platform upon which to build and to amend and to modify and those modifications will be the end result of the Legislative process, committee hearings, public opinion and so forth.

The starting point, I believe, can be very simple. It can be the original language that was in the statute, which created LIPA. From that point on, the question of whether or not the members of the board should all be elected or whether they should be a blended board, as described here, these are

simply suggestions that ought to be discussed and debated. The point you make would be respected because that would be an issue that would come up during the Legislative process but you have to start with a bill and the easiest way to start is to use the very language of the original statute which Governor Cuomo, Mario, signed off on.

The other point I would make, Fred, based upon your feeling that the governor should also have placed before him the idea that perhaps the pilot payment should be dropped, you could add to this letter without damaging it in any way, a statement that among the things to be considered by the Legislature in proceeding to adopt a piece of legislation is some disposition or addressing problems presented by the pilot clauses.

So I see no reason why we can't agree on the letter that will take into account your concerns. And I think that's important, but I think we should be unanimous in agreeing on the ultimate language in this letter.

MR. GORMAN:

I could agree on this letter as it was as long as we struck from this *detailed make up of the board should be carefully considered in a collaborative process*. If you take that out; I can sign the letter. I don't want to -- I don't want to recommend any kind of suggestions as to what it should be beyond the fact that it should be an elected board. We don't all necessarily agree, I don't think, on exactly how that board should be constructed and I don't think we should be telling the governor. We just want an elected board. We always have plenty of time to come back individually later on as to what that means.

As respect to everything else in the letter, I don't have a problem with anything else in the letter outside of that last paragraph. I have no problem with this particular letter. If you want to add something you should say and the governor should look at the other 85% of our rates. This is approximately 15% of LIPA sees it as 15, I see it as 14, but we should -- if you want to add something to it, we should -- the entire process of LIPA should be looked at to find ways of reducing rates to make it more economically affordable and allowing us to pay our debt.

If you want to put something like that in there, fine, I mean, I'm all for that because that other 85% absolutely has to be addressed if you want to continue living here. As respects to this, just take out that last paragraph, extrap it from that line and I'm a happy camper.

MR. SCHROEDER:

Mr. Chairman, I have two comments. First, Fred, the board here, the blended make up of the board actually came from the presentation that we received from Scott Hempling early on in our committee meetings and was one of the alternatives that was posed by him as an approach that might achieve the desired outcome with the greatest amount of acceptance amongst the various opinions out there as to what the make up of the board should be.

So while I appreciate your concern and your steadfast position on liking elected boards, none of us is going to be able to dictate this process and I think this at least opens the conversation to a broader range of opinions on the matter.

Secondly, with regards to the prospect of eliminating pilots from LIPA bills, I would like, you know, to comment that this conversation has been going round and around driven primarily by LIPA but the fact of the matter is these generating facilities are shareholder owned facilities of a lightly regulated company and are subject to tax. And that tax is a cost of doing business and will ultimately be borne by the consumers purchasing what that business is selling. In this case, that business is selling electricity to the local utility on a cost plus basis not on a market price basis.

So since there's a contractual arrangement there, maybe there's a way for us to get a better price out of these old plants and maybe the best alternative is to have these older plants retired and have the new plants pay taxes directly to the municipality and have the ratepayers not have that portion of the costs included in their bills.

MR. SACKSTEIN:

I'd like to step in for a moment if I could. The objective is to get the issue aired, the letter out and not sidetrack ourselves into a lot of other wonderful issues, which are important, which could include the pilots and I think brevity is the best way to get it out there. So if we were to restrict that last paragraph perhaps to citing the original LIPA statute, but you did it the way it was supposed to be done and not involve ourselves in the debate, which will undoubtedly take place relating to how that board is going to be constituted and stick to the issue of keeping an elected board, maybe we can just move onto what we need to get to, which is get this thing out, Joe.

MR. SCHROEDER:

Well, I agree with the simplicity approach in terms of citing the initial -- or original statutes.

MR. GORMAN:

So do I.

MR. SCHROEDER:

But I have as much concern and I have heard as much concern from others regarding the prospect of an entirely elected board facing the decision of raising rates to cover expenses where cutting costs was not possible as being an unpalatable and untenable position for an elected official. And rather than have a board of elected officials succumb to that sort of pressure, a balanced board would provide, I think, a -- may be a more objective approach to rates going forward.

MR. SACKSTEIN:

What do you mean by a balanced board?

MR. SCHROEDER:

A balance between elected and professionals.

MR. SACKSTEIN:

You're saying elected and some that are just hired. You're back to appointees again.

MR. SCHROEDER:

Yeah, how that comes about, yeah, the details of that remain subject to some discussion.

MR. SACKSTEIN:

You know, that's why I say, if we can withdraw ourselves from the issue of how they structure it, they're going to have their own -- you know, you're waving the flag in front of the bull. I mean, if we said *an elected board*, they're going to say *not an elected board*. If we said *elected board*, they'd say, *well, how about half elected board*. I'd just like to pull ourselves back, go back to the original statute, which said an elected board and state in here, not just say, like the original LIPA statute, but an elected board as set forth in the original LIPA statute and let them beat themselves to death. But the reality is that happens later. That happens later and for the moment for the near term I just want to get out there and say to the governor, it is your elected duty and responsibility to step forward and take control of this situation because I can tell you as a former LIPA trustee; he's the boss. Because anytime a decision had to be made, when I was a trustee, and, Irving, you can attest to it, anytime it had to be made, Richard Kessel would always say the same thing, *I have to check with the boss*. And he'd come back and tell us that the boss said *mind your own business*. But he had to check with the boss.

So it's time for the boss to come down from Albany, sit down here, have a cup of come tea, a cup of coffee, whatever he prefers, and not as an adversary but as an ally, as the guy who can really take it across the goalpost and get it done. And we would welcome him here but he's not coming. So this is the objective; get him in.

MR. GORMAN:

First of all, I don't think the governor has been in any communication with this existing board. I have real serious reason to suspect that because I have personally met with five board members who said that no longer happens, that they're completely making the decisions.

I also want to tell you that nobody respects this governor more then me. I honestly believe he will do anything he can. I happen to think this is the political time that we can get the politics out of this and if we, for example, in unison perhaps even with some of the LIPA board members, which would surprise you, and an army of citizens, I'm talking about the {Apslo} people, I'm talking about several Tea Party people, I'm talking about Long Islanders for Educational Reform. I'm talking about the Nassau Civics. They have all joined in concert. And they are all now ready to go forward because they realize that this is a problem they have to change.

So if we could get a couple of thousand phone calls up to him; he's going to listen. But if we're going to get him to listen and we want to bring about change, he's going to expect significant change because if he's going to do anything, it's got to really reduce rates. It can't just be one little piece, it's got to be the whole thing. I think this is a better way. Don't get me wrong, great place to start. I agree with everything in order outside of that last thing. But from there we have to go forward. We've been charged with trying to find ways to reduce rates. I gave you one, that actually I'll be honest with you, LIPA board members like. All right. And some of the civic groups also like those ideas and it's been discussed around. You can tell me how difficult and how hard it's going to be, but your problem is going to come from the Suffolk County senators because they're the ones that are going to be most concerned with those special interest groups. But there is a certain fairness and there's a certain advantage to paying off all that debt. I think we can work that out later. If we want to vote on this letter, take out that last paragraph, I agree with Shellie, I'll say yes and I think we then have a unanimous group.

MR. LIKE:

Let me take a crack at responding to your point about rates. Okay? Look at the next to last sentence, which begins, "we believe this structural change in governance is absolutely necessary." I would propose meeting your point to add after the word governance; *and reform of ratemaking and rate design to reduce rates is absolutely necessary*. That places before the governor the fact that you expect he and the Legislature to take into account what you have to do regarding ratemaking and rate design to reduce rates. Would that satisfy you?

MR. GORMAN:

The only thing -- yes, I would like to see that. Do I need that; no. The only thing I need to make sure is that we're not selecting a type of board or telling them we need professionals or we need our volunteers.

MR. LIKE:

Well, let's deal with the rate issue first.

MR. GORMAN:

I just -- the rate issue's fine. Put in whatever you want. I like what you said. It's perfect. I have no problem with it.

MR. CORDARO:

If I can make a comment about the last paragraph, I think there's language in there to satisfy everyone and cover our bases here. You know, the sentence that starts out, "it is a consensus of this committee that prior incarnations of the LIPA Act be used as a framework to reconstitute the board of directors". Possibly as a blend of elected representatives and paid professionals that would be more responsive to local ratepayer issues. It doesn't say we're recommending that it be professionals. It doesn't say that we're absolutely recommending that it be all elected. It talks about what the range of possibilities are. So I think that language very adequately covers it. I think we can better achieve our objective by not trying to get too specific on how we want this board structured because then that, you know, sort of steps on some of Fred's concerns. And you can do that by eliminating the sentence that says, "this committee offers the following to begin the process" and gets into a lot of detail how you're going to elect -- elected members and how you're going to appoint professional members. If you eliminate that and just hang your hat essentially on that statement possibly as a blend of elected representatives and paid professionals that would be more responsive to local ratepayer issues; you really satisfy all concerns.

MR. GORMAN:

Gentlemen, I'm sorry I came in today, but I'm not going to accept that either. As long as you're going to mention -- profession, no.

MR. SACKSTEIN:

Wait, wait, stay for a second. Stay for a second. Joe, have you got the language worked out?

MR. SCHROEDER:

I was going to agree with Matt's recommendation. You know, this is not something that I dreamed up of my own imagination. This is the basis of conversations we've been having over these several months and especially the correspondence that have been going back and forth over the last couple of weeks amongst all of the committee members.

And so it's not an isolated assertion that maybe there should be a blended approach to the board make up here. I would be happy to eliminate the detailed portion of this as it only offers a suggestion that somebody else could come up with or even a better one that somebody else could come up with. But I do think that at least defining that there are alternatives out there that would be acceptable to the local population is something that we have to be open to.

MR. SACKSTEIN:

I think you can say "other alternatives", which obviously an elected board is other than what exists now without getting into the specificity because every time you get too specific you have to defend. I don't choose to defend at this point, I choose to open a dialog and go forward and let others read in the specificity they choose to put to it at a later date if you're comfortable with that, Fred.

MR. GORMAN:

I never agreed to professional board or an appointment of a professional board. Never agreed to it in any of the meetings. Every meeting that we've had a discussion I have objected. If you write me a letter and I don't write you an answer that doesn't necessarily mean that I accept your views, it means I just chose not to answer it at that time.

As far as I'm concerned, you want this letter to get passed, it can't discuss anything beyond there should be an elected board. That's all I will go for. I'm not going to go for, in other words, we can stay here till 4 o'clock in the morning; that's not going to change.

MR. SACKSTEIN:

Let me say -- let me just say that I don't choose to stay here till 4 o'clock in the morning. I don't

consider you to be obstructionist. I do not. I say instead that I stay away as best we can from the specificity. So we do not have to defend.

We can open this up in a dialog at a later date because we know how we feel about it. We really do, but at least for the moment let the governor see it, let's sit down with our Legislature because I don't think this is going to get out on Suffolk County letterhead until our Legislature takes a look at it. And I think they're going to have to be comfortable with it or are we not sending it on letterhead?

MR. SCHROEDER:

Excuse me, Mr. Chair, Mr. Chairs, I don't know that we have to have a unanimous vote from the board in order to have a consensus of the board and as long as we're largely in favor of this without the detailed sentence that, I have no problem excluding, I think we can pass this as the consensus of the board. We're not all going to agree on every issue. This is going to be a very long, very drawn out, very complex effort. And we are just not going to be able to agree on everything. That doesn't mean we can't build something better.

MR. SACKSTEIN:

I agree with you a hundred percent and even the Supreme Court doesn't always agree completely. And so I don't consider us the Supreme Court. I would think that we would not write dissenting opinions. Okay. But at the same time --

MR. GORMAN:

I'm not interested in a dissenting opinion. Just don't ask for my signature on the letter. That's all.

MR. CORDARO:

To respond to what Shelly said before and I totally agree with that. I don't think you -- you know, to respond what Shelly said earlier, I don't think you could get any more general and say, "possibly" as a blend of elected representatives and paid professionals, you know, that is as general and as broad -- I don't know what other kind of board you can come up with.

MR. GORMAN:

It's unnecessary. You can just simply say an elected board and leave it at that. You want to put something else in it; I am going to dissent. And if that means you just don't get my signature on your letter, that's all it means. You certainly have a right to take a vote.

MR. SCHROEDER:

Mr. Chairs, I don't think we need every committee member's signature on a letter to go out on behalf of the committee. I think that should be signed by the Chairs.

MR. GORMAN:

If my name is going to be on that letter, you need to remove my name from that letter.

MR. SCHROEDER:

I don't think we need to have everybody's name on the letter either. The object here is to convey a consensus and for this board, which is representing the local population, supposedly, to suggest in a letter that the governor should use the original language of the LIPA statute and then call for an elected board, puts us in a position of suggesting and stating that we want an elected board when in reality what we are, I believe, and if I'm incorrect then I'm willing to stand down, I believe the consensus is that we are interested in a blended approach here. And if a fully elected board is what the collaborative effort of the Legislative process comes up with then that's the legislation that the state will put forth. If in fact we're offering our voice to this, we're offering support for a particular direction. In this case, I think, we're offering support for an open process.

MR. LIKE:

I would like to suggest that we should try to get something unanimous here and to have Fred sign it. And let me take a shot at maybe introducing a little ambiguity as the way of resolving it. Where it says "possibly as a blend of elected representatives and paid professionals", instead of word "and" we could say, *with the assistance of paid professionals*. Now, *with the assistance of paid professionals*; leaves it open for the professionals to be employed or to be part of the board itself. And then the public opinion, when the legislation is being considered, begins to look at it, you will find out at that point whether or not, Fred, most people agree with you that there should be no paid professionals or whether they think that they should be some of those board, some of those professionals built in.

MR. GORMAN:

I always liked your statement, you know, we should tell the governor to follow in his father's footsteps. I'd be happy with that.

MR. SACKSTEIN:

Don't do that.

MR. LIKE:

I didn't hear what Fred said.

MR. GORMAN:

I said, remember how you said *follow in his father's footsteps*. I'd be happy with that. Listen, anything that is going to recommend that a professional person be put in a position where they are making a decision, which should be made by trustees, I am opposed to.

MR. LIKE:

Well, I took out "and" and put in *with the assistance of paid professionals*. A board with the assistance of paid professionals.

MR. GORMAN:

I have no problem with the "assistance of paid professionals".

MR. LIKE:

Right.

MR. GORMAN:

But not paid professionals sitting on a board making a community decision.

MR. LIKE:

Well, if you read the language with that change it's not going to be what you're worried about.

MR. GORMAN:

That's fine.

MR. SACKSTEIN:

Let me just share a thought with you; I really like --

MR. LIKE:

Wait, wait. Fred likes the -- he likes the ambiguity.

MR. SACKSTEIN:

I like the ambiguity too, but at the same time Irving Like once taught me something a longtime ago. When you enter into negotiations with yourself, which is what we are doing, you could never win. And so I -- while I don't agree with Fred and I don't disagree with Fred, I still stay away from specificity and leave it as wide open as possible and let's get them to say *hey, we'll consider that* and then we can layout in more detail some of the thoughts that we might have that would guide them in their decision making process. But for the moment, start the dialog, get it open. Joe, you're making faces. I just would like to move on because this shouldn't be difficult, we're writing a letter. We're asking the governor to do what the governor is both empowered and entrusted to do; get this thing straightened out. And nobody is saying that -- if we put it in a letter; big deal, because, Fred, the public isn't reading the letter. I would like the public to read the letter. I'd like to have a press conference bringing to everybody's attention. I'd like our Legislators to come on board with this -- in the first place. But for the moment let's write a letter.

MR. GORMAN:

I want the decision makers elected and I don't want them to have any qualifications that are different then the qualifications to any Legislature or any trustee in any municipality. And that simply is you have to be 18 years of age, you have to be citizen. All right? I don't want to see any restrictions on that. I don't want to wrap myself in the American flag, but just because you can't see it on my shoulders, that doesn't mean it isn't there and it's exactly why I feel this way. And don't tread on me, I ain't giving you an inch.

MR. SACKSTEIN:

Fred, are you suggesting that you would not want these folks to rise to a level any higher than those we elect to Congress?

MR. GORMAN:

Unfortunately, that's exactly what I'm saying.

MR. SACKSTEIN:

Just remember where we --

MR. GORMAN:

We have a process here in America and I like it just the way it is. And I'm not going to alter it. I think educated guys are very, very wonderful. I think guys that really know what they're talking about are marvelous. And I think they want every goddamn toy that they can get. And you're absolutely right, we'll be greener as the people keep moving out. We're going to eventually lose 20 to 30% of our population if we don't change. And we need people here that are going to vote, you know, for the ratepayers. And if your concern is they're going to vote to keep the rates down in order to keep their jobs; that's exactly what I want.

MR. LIKE:

Fred, how about this change, in the fourth line. *Reconstitute the board of directors possibly but not necessarily as a blend.* That leaves it open to be debated.

MR. SACKSTEIN:

Let me ask you a question. No, no, no.

MR. LIKE:

Let me hear what, Fred. Look, let me. I want to --

MR. SACKSTEIN:

Forget Fred. You know where he's coming from. He's going to tell you and say, *I don't want it, I*

don't want it. I hear it, he doesn't want it.

MR. LIKE:

Listen, I want to take responsibility, I want to take responsibility. When I've been --

MR. SACKSTEIN:

But why do you feel so strongly that the language must be in there?

MR. LIKE:

When I've been arguing that this should be -- as you know from day one I've been saying elected board, 21 ratepayer districts. Joe spoke to me and he said, you know, if that's an intractable position that you're taking, there are people on the board that don't agree with that and I understand that. And I said no, that's not a stubborn position that I'm taking, it's something that I recognized could be amended as part of the process. And when he suggested the possibility of paid professionals, I said, *fine, let that be debated in the legislative process*. In the legislative process people who feel like Fred does can make their points and people who feel like others can make the same point. I'm flexible because I want to see legislation adopted. I want to see legislation adopted and you have to start somewhere.

MR. SACKSTEIN:

And that's, that's exactly what I'm saying. Start somewhere, open a dialog, let them do whatever they have to do and we'll guide them if we want to make those suggestions to them at a later date about how we feel about this blended approach, these hiring these consultants, which undoubtedly LIPA would do anyway because they have. And I just think we just need to stop negotiating with ourselves because we're not going to make any progress until we get this thing into the mail until we have a sit-down with our electeds until we get this thing moving forward. I'm not staying until 4 o'clock and Fred's going to make us do it.

MR. SCHROEDER:

I would just beg your indulgence.

MR. GORMAN:

I'm not going to change my mind. Vote. Do it on your own. Don't put my name on the paper unless you want me to write an opposing opinion and that opposing opinion would simply be -- and I don't want to write an opposing opinion. And that simply is going to be is I think that the elected -- that it should be an elected board just like every other elected board in the State of New York. It should not be made of professionals. Professional requirements shouldn't be there. It should just be a citizen 18 years of age and that's my view.

MR. LIKE:

A better way to do it, Fred, is for you to concur with the board but to add your comment that you believe it should be an elected board entirely. That way we show unanimity. If you don't have name on it looks like we're not -- it looks like we've divided. But you have a point of view, you should express your point of view, but do it as a concurrence.

MR. GORMAN:

We are. We are divided.

MR. SCHROEDER:

I think I have -- I think I might have a solution here. And, Fred, I recognize your opposition here and I don't understand it, I'd like to better understand it, but that we could discuss offline.

MR. GORMAN:

It's right there. (Pointing to flag).

MR. SCHROEDER:

Listen, don't propose that you're more patriotic than anybody else on this committee.

MR. GORMAN:

I just happen to believe in the laws of the land.

MR. SCHROEDER:

And so do I, Fred. And, you know, we're talking about a very complex organism here, which is the local that is the lifeblood of our economy and if we don't keep it going we'll be carrying that flag to the next place we live.

I think a way around this might be to offer within the body of this last paragraph a brief explanation that simply states that this is going to be a very complex and possibly divisive process and even amongst our own committee we are not determined whether there should be a fully elected board or a blended board approach, but we offer our assistance and support to the State in formulating the final body.

MR. GORMAN:

All I wanted was simply to say an elected board. Not describe what that elected board should be like. You're the one that's stuck on what the elected board should be like. You're saying it should be this here and it should be this. I'm saying elected board; end it there, I'm happy. Add those other words; I'm not happy. All right. I have no problem with saying an elected board, let them determine what they want. Take your own position whenever you want, wherever you want. I respect your right to have a position; I just disagree with it. All right. And when you keep saying you can't understand it, all right, I don't -- I happen to strongly believe in the way that our government works even though it doesn't work very well.

MR. SACKSTEIN:

Just remember, Fred, and, by the way, I'm for brevity, which would eliminate some of this language, which gets closer to you. Just remember that government changed the law to create the board that we have today that we would like to replace. That's -- just keep it in your head, that's our good old government.

MR. GORMAN:

Which is a part of the problem.

MR. SACKSTEIN:

So if we can, you know, take a sense of the board just to see if we can move this forward and keep it as brief as possible because anything we put in there, Joe, if we say that we don't agree and the first thing they'd want to do when they read this thing is they're going to go; *they can't even hit it on the head themselves*. So keep it tight. I mean, Matt was trying to keep it tight when he cut some stuff out. I agree with him, when I first read this document I said, "*Too long, too long*."

MR. SCHROEDER:

Then I suggest that that sentence read: *it is the consensus of this committee that prior incarnations of the LIPA Act be used as framework to reconstitute the Board of Directors. Period.*

MR. GORMAN:

As an elected board.

MR. SCHROEDER:

No. Period.

MR. CORDARO:

I'm assuming that that also involves the deletion of that specific sentence and how the board would be elected and how the professionals will be appointed too. I'm assuming that's the case.

MR. SCHROEDER:

Yes. Yes, that would delete every thing after director. So from that sentence on where it says, *possibly*, the beginning of the delete begins with the word possibly and the end of the delete ends with the six paid professionals in brackets down below, just before the second to last sentence that says; *we believe a structural change in governance is absolutely necessary*.

MR. LIKE:

Now it would read: *it is consensus of this committee that prior incarnations of the LIPA Act be used as a framework to reconstitute the Board of Directors that would be more responsive to local ratepayer issues*.

I think you could leave in the sentence; *the detailed make up of the board should be carefully considered in a collaborative process in the drafting of the new legislation*.

MR. SCHROEDER:

Yeah.

MR. LIKE:

That is word keeping in because that's exactly what will happen. Okay. And then you would take out; *this committee offers the following to begin the process. The elected officials should be drawn from locally defined utility districts and would continue to be deleted until the very end; with the word six paid professionals*. And then it would pick up again; *we believe -- we believe a structural change in governance*. And if you want to add what I mentioned earlier; *and reform a ratemaking and rate design to reduce rates is absolutely necessary and that a newly constituted board rather than the current appointed LIPA board is better suited to make the important decisions facing LIPA. We also that legislation -- that if legislation creating the new LIPA structure is required, it should be introduced promptly during the next State Legislative session and put on a fast track*.

MR. SACKSTEIN:

Is everybody more comfortable with that, because personally I am?

MR. GORMAN:

I support it.

MR. CORDARO:

I'm opposed to it.

MR. GORMAN:

That's the other reason I support it. Do you want to take a vote, just make it official?

MR. SCHLUSSLER:

Yeah, I do have a couple of comments. We don't discuss the September 22nd date in this letter and I do think it's somewhat important to discuss on a higher level what this Brattle issue is exactly about because that's a whole reason why the September 22nd date is so critical to understand what we have to deal it. And it's important that we understand time is of the essence because the letter as it reads, it's a great letter, Joe, you did a great job. I appreciate it, you know, on behalf of the

board and myself and everybody else that's listening. But, more importantly, it doesn't really show a sense of urgency that what we're trying to achieve has to occur now. So, and in particular, I did mention in today's correspondence to everybody with the agenda that we do have the Energy Committee meeting on September 7th, I believe, which is Wayne Horsley's committee and we want to have some degree of content available to present to the Legislative body so that everybody is sort of on board prior to September 22nd. So I'm hoping this letter acts as a framework to where I could just hang off the detailed comment -- content, I'm sorry, that we could present to the Legislative body. Okay.

MR. SACKSTEIN:

It's your understanding that the -- LIPA is planning to implement the structural changes at the September 22nd meeting?

MR. SCHLUSSLER:

That's correct.

MR. GORMAN:

What they're going to do is they're going to vote on it, they -- actually they can delay that vote based on their own timing until November. All right. They said that they need 24 months for something to get up and going. And actually if you take a look at the 24 months that is November, it is not September. So it's not unreasonable to ask for 60 days especially since no critical data has been provided to the community if it exists at all.

MR. SACKSTEIN:

For the two years is nonsense. It's totally nonsense. Even 18 months. When KeySpan came out of Brooklyn, I'm sorry, Brooklyn Union Gas came out of Brooklyn, they didn't have 24 hours. They just picked it up, hired the people and said; *where's the switch*. So this whole thing about transition and Peter and I talked about the IT issue; these are non-issues, these are hollow arguments.

MR. CORDARO:

As a point of information the board might want to know that -- the committee might want to know that the LIPA board has scheduled another board meeting on September 16th at 10:00 a.m. in Uniondale. That just appeared today on the event calendar for the first time. So they are meeting the week before the September 22nd meeting. Why, I do not know.

MR. SCHLUSSLER:

And this is a week after the new meeting they established September 9th for a public hearing at 3 o'clock.

MR. CORDARO:

No, that's September 7th.

MR. SCHLUSSLER:

I'm sorry, September 7th, yes.

MR. GORMAN:

And it might not happen at 7 o'clock and it might not happen, to be determined, very well, may wind up actually being in Uniondale and it may be at 7 o'clock not 3 o'clock because there are LIPA board members that I, quite frankly, spoke to and I said it was a union set up to set it up at 3 o'clock to be determined. You're going to tell us the day before it's going to be in Hauppauge where they are? And they said *absolutely not* and they said that they were going to talk to -- and they may possibly change that. So I would be pleasantly surprised if the 7th meeting actually occurs with some notice over at -- in, what is it, Uniondale.

MR. CORDARO:

Just to recap on the dates in our scheduling, someone said before that the meeting of the Energy and Environment Committee is the 7th so that will occur on the same day that LIPA has its last public meeting on the 7th.

MR. SCHLUSSLER:

That's correct. And, Joe, do you know what time those committee meetings start generally?

MR. SCHROEDER:

Yeah, the -- it's the Economic Development, Higher Education and Energy Committee meeting of the Suffolk County Legislature and it's at 2 o'clock.

MR. SACKSTEIN:

So, Peter, how would you propose weaving in any timeframe to make it -- well, first of all, you know, when you deal with any of the folks up there in Albany, getting a reply can take months, months. And that being the case, if we have to get some indication in here, I'd ask Fred to give us the language of what he thinks we should put in there to make it clear to the governor because he's closer to the governor than most of us. That will absolutely capture his attention that there is -- that time is of the essence.

MR. GORMAN:

First, I'd like to respectfully say that I am not that much closer to the governor, I am closer to several of his aides that are very, very close to him. And what I'm going to recommend is that this committee hold a meeting and ask both of his local representatives, it's Mark Grossman and a woman, I think her name is Marianna for Nassau County. Mark Grossman is here, for Suffolk, I see you shaking your head no.

MR. SACKSTEIN:

I didn't say that.

MR. GORMAN:

Oh, okay. Well, protocol would suggest that we sit down with the two of them and we tell them our concerns. They'll be very interested. They also -- at the meeting that we had they had a representative there who was sitting there taking notes on everything to see what was going on and they also had a representative at the LIPA meeting. So they are interested. They do want to do the right thing and I would suggest that we start there and, of course, if we can make a passionate plea for timing, I'm sure they'll go a lot faster. I also gave you their phone numbers and their addresses so you could, you know, I'd rather pick up the phone call, somebody make an appointment and give them a quick e-mail, then a formalized letter, let's have the meeting. And, you know --

MR. SACKSTEIN:

Is Mark no longer in charge of New York State Department of Labor down here?

MR. GORMAN:

Mark is still the ombudsman from what I understand. He's still the governor's ombudsman. He may wear both titles but he's still in the State building.

MR. SCHLUSSLER:

On his LinkedIn account it still says that so I assume it's correct.

MR. SCHROEDER:

Mr. Chairs, there's two issues that we have to address. First is this document was not entirely in a letter format so if we vote to move ahead with this it will be changed to that format and there's some language from Matt that I'm just going to need to catch up on, the first change that he proposed in the second paragraph.

The other thing is in order to secure an opportunity to appear before the committee on the 7th here at the Legislature we have to contact Legislator Horsley's office and get on the agenda.

MR. SACKSTEIN:

But will the letter have to wait until then? I mean, I'd like to see the letter get out.

MR. SCHLUSSLER:

Well, we really shouldn't be putting any letters to any elected officials without any, at least, courtesy, if you will, to our Legislator Romaine and Horsley as a minimum. So, yes, we would have to wait for that. But I would encourage us as quickly as we can get this ironed out, we certainly can bring it to Legislator Horsley and Romaine immediately and maybe they will say, go for it immediately.

MR. SCHROEDER:

I would agree with that assessment. The only -- it may not be within their purview to send this letter out on behalf of the entire Legislature without it coming before the Legislature. So that's just something that they can determine.

MR. GORMAN:

So why we're doing all this, why don't we hold another meeting and ask the governor's representatives to come down and talk with us.

MR. LIKE:

Peter, were you suggesting that something should be added to this letter, to the governor, to emphasize the urgency? Is there something that's missing here that you think should be added?

MR. SCHLUSSLER:

Just basically the reasoning on the September 22nd date that there's a high probability LIPA will make this decision on the future structure, which essentially is, give or take less than 30 days away and at this point I don't believe any of us feel comfortable with the decision that LIPA is probably going to make, which is probably, stay as is, with a little bow around it called SERVCO.

MR. LIKE:

Well, the second paragraph says LIPA is about to make monumental. So you want to put a date in there?

MR. CORDARO:

I see a place to stick a date in right in the opening sentence, but I just, you know, I'll read it, *on behalf of Long Island ratepayers and as an advocate and protector of the Long Island economy, Governor Cuomo must prevent LIPA from implementing structural modifications recommended by consultants on September 22nd without even the benefit of a report from the consultants making the recommendations.*

MR. SACKSTEIN:

Let me just play for a second.

MR. LIKE:

I think the date doesn't go where you put it, Matt, I think it goes after prevent LIPA -- must prevent LIPA on.

MR. CORDARO:

Okay, that's fine.

MR. SACKSTEIN:

I'm going to play attorney with you now for a minute. So they decide to not do it on the 22nd, they do it on the 21st. If we get to put a date in there --

MR. LIKE:

On or before.

MR. SACKSTEIN:

So they do it on the 23rd. I'm just trying to be pragmatic about this thing and look at it and say, what is "time is of the essence" mean to an attorney having the governor step in?

MR. LIKE:

I mean, you got to be -- it's got to be a particular day.

MR. SACKSTEIN:

Okay, all right.

MR. SCHROEDER:

Can I suggest that we take care of this particular detail off-line, off the record.

MR. SACKSTEIN:

I'm delighted. So can we get a sense, at least, of this document in terms of a vote? So do we call the question on a motion to accept the letter?

MR. LIKE:

Are we going to vote on that letter?

MR. SACKSTEIN:

That's what I'm talking about.

MR. LIKE:

Do you want to put that on the record?

MR. SACKSTEIN:

Absolutely. We're going to vote on the letter, which is in draft as we speak, right, which is substantially what we agree on. And I'd like to get a -- I'm going to make a motion to accept the letter as presented as we speak.

MR. CORDARO:

Second.

MR. SACKSTEIN:

All those opposed? Seeing none it's unanimous.

MR. SCHLUSSLER:

I'd just like to ask a quick question of the committee. Does anybody feel there's any value in

touching upon a Brattle report or is it kind of an academic issue?

MR. SACKSTEIN:

I really have a problem with citing the Brattle report. I really do. I wasn't going to get stuck on it, but, you know, it says here *is recommended by consultants without even the benefit* -- I think that, you know, if you point to report and they say, *well, we didn't make the decision based on upon the Brattle report*.

MR. GORMAN:

It's the Brattle -- it's a PowerPoint presentation. It's not a report, sir. A 37 page report, at 1.5 million.

MR. CORDARO:

It says in the second paragraph, *absent the full Brattle Group report our assessment favors*. So we have reference to the Brattle report in there.

MR. SACKSTEIN:

Letters and airplanes designed by committees; not a good idea. Other than in this case.

MR. SCHLUSSLER:

Okay, great. I just want to go through the strategy of, if you will, the next 30 days. Is it important that we have another meeting prior to -- prior to our next public hearing, which I'm tentatively scheduling mid September. Do we feel we need another committee meeting or can we work out what we need to work out using e-mail and phone, so on and so forth?

MR. SACKSTEIN:

If you guys recall, during the day I had sent an e-mail talking about having another meeting, but I felt that the other meeting should be something where we engage and come to some consensus with our elected officials just as well. Because if we can get the Albany delegation to agree with the approach that we're trying to take it will, I think, go a long way for when they come back into session if they have to deliberate and they've already gone on the record and deliberated about changing the structure of LIPA; if we can get them on the record here at some point agreeing with us in the direction we're going so that when they get up there, you know, they just continue moving forward.

And I think the same thing would hold true in engaging, not just the Suffolk County Legislature but I think the Nassau Legislature just as well. The greater the consensus the better the likelihood that we can get the public to become more informed because if, let me tell you, when we went for the takeover of the lighting company in 1993, actually '93 is when we started, '94 is when we moved forward with it, we had, Action Long Island, we had a lot of closed door meetings with our electeds and they became our advocates. And that was important because while they started out reluctantly because they didn't want to get involved in taking over the lighting company, they subsequently saw that it was not only in their best interest but the public's best interest. Usually it should go the other way but it went that way, all right, it should have gone the other way. But, you know, and then subsequently and that's what happened with Governor Cuomo, Mario Cuomo, in October the 15th of 1994, just before the election, the man did a 180 degrees and Richie Kessel and I had been pushing him for the whole year to take over the lighting company and he said finally, you know, just before the election, too little too late. And I would predict to you that if this governor, the current Governor Cuomo doesn't get on board and we gain traction, he will be a one term governor as far as the Island is concerned.

MR. GORMAN:

Sir, he is Long Island's best friend. He is the ratepayers' best friend. He isn't going to go

anywhere. He is going to listen, if you got a thousand people that are going to call him, he's going to listen. If he can bring about significant change, where you can bring about economic change, he will fight the Republicans and the Democrats to bring it about. He's very serious. Look at what he's done with consolidation. Look what he did with the tax cap. And now that entire army is following Peter, which is something I think you guys should know, too. Peter has met with several of the leaders of the various civic groups, I think he's very comfortable with the number of and that gentleman who's sitting out there in the audience is one of Peter's volunteers who is going to be helping him with spreadsheets. There is an entire community standing behind us, which Peter has been able to put together for us. You were at the meeting. You probably saw more people at that LIPA meeting than you've seen in a couple of years. And you heard the guy from {Apslo}, I think he was still there when the guy from {Apslo} got up, we got {Apslo} with us, you know, we got the Nassau civics with us. We got a whole bunch of people, most of those people were leaders.

So when you hold your next public meeting you're going to get a real good audience in here and their motivated and these are the same people that got 10,000 phone calls a day for a couple of weeks to the senate majority leader, to the assembly speaker and the governor. Now I don't think that the same people can get 10,000 calls because we're only dealing with Long Island, but we may be able to get five or 600 phone calls a day. And the governor responded very favorable to that. You know, you heard Senator Flanagan and you heard Senator Zeldin say, *well, I don't think we can get the tax cap this year.* These people changed their mind.

So there's a very good possibility that this economic climate, that with the people standing behind us, you know, that we can really bring about significant change. But the governor will be looking for significant change, not appointed to, he's going to be looking for something that's going to make a difference.

MR. CORDARO:

I want to agree with Fred in a major sense and sort of reflect on something that Shelly said, I think it'd be very worthwhile or interact with the Legislators and our representatives on Long Island. No question about that. But I think from a priority standpoint and a strategic standpoint most of our energy and our effort has to be directed at the governor. He's the guy that's calling the shots. He's the guy that's going to make the decision. You can see that with the PSC Oversight legislation, you know, that's been passed by both houses it's on his desk; he hasn't acted on that. And if he doesn't act on it, it's not going to happen. But it underscores how important his approval and support is. And I think, Fred, from a strategic standpoint, you're on the right wavelength. I think this battle will be won especially when you look at the short fuse that we have to work with here by inundating the governor with public response on what the public wants and needs relative to LIPA and action on LIPA. And that's the only force that's going to serve to delay the LIPA board for making a decision they may make on September 22nd.

MR. GORMAN:

I'd like to ask Peter to do me a favor. Peter, I want you to tell him what you thought about the people you saw, how you felt about them and the relationship you were able to immediately establish with them so this board gets an understanding that we can get the people behind us and that you can lead them.

MR. SCHLUSSLER:

Well, the meeting that we had in the Marriott, I believe it was.

MR. GORMAN:

That was the start, yeah.

MR. SCHLUSSLER:

Right, with Irving, I remember that night. They were quite passionate, focused, goal directed group of folks and that is critical for any success of any initiative that you want to achieve in life. You don't have to be Mensa candidates. You just have to have the goal and a focus and the wherewithal to be able to achieve your goals and that group certainly has that.

MR. GORMAN:

What did you think about the following day?

MR. SCHLUSSLER:

Well, it was very interesting from the standpoint that we had commitments from people the night before less than 24 hours willing to go from, in some cases, the farthest places of Suffolk County to go all the way out to Nassau County within 24 hours, which again, just follows through on their focus.

MR. GORMAN:

And I might add there was another 20 or 30 people that didn't attend the first meeting at the second meeting.

MR. SACKSTEIN:

I would agree a hundred percent that we need to get public support, but I think that part of that public support will be built utilizing the relationships that we need to establish now with our elected officials which would include again, the Suffolk Legislature, the Nassau Legislature, the Albany delegation. It's going to take a concerted effort. It would be a lot easier, I think, to get the public engaged if the -- is that elected official, Mr. Kennedy?

LEG. KENNEDY:

Hi, how are you? Nice to see you this evening. And good to hear the dialog amongst all of you. I've been reading the e-mails with great interest. Myself, Legislator Romaine, Legislator Horsley a number of us are looking to you to basically help us and help us both in the short term and the long term with the steps that we need to take. Remember we convened you to advise us because by Charter we do have an oversight role. Mr. Cordaro, I know you know that very well, as a matter of fact, so we are stakeholders in this process. And I agree with Fred that I know firsthand he's got the ability to go ahead and get in touch with folks that can -- have very effective communication and very quick fashion about advocating on a point.

It appears to me having looked at it, and I will tell you I've only been at a macro-level. I'm nowhere near the level that you gentlemen are with your particular expertise. I know Pete spent quite a bit of time and he knows from the logistics in the internal workings what works, what doesn't work. But it seems that September 21st is looming large. And what I would ask each and everyone of you to do is very quickly advise us and I would encourage you to advise us as a body by and through the P.O. and the rest of us to go ahead and send a communication asap directly to the governor asking him to go ahead and delay that action date.

I then also encourage you to go ahead and do the very same thing with Majority Leader Skelos and Sheldon Silver, Speaker Silver because I think that absent that kind of immediate, the house is on fire, kind of communication to him to have the LIPA board stand down. I don't think that the urgency is going to be conveyed and it seems to me that the LIPA board is going to appear to say, *nah, we get a few rumblings but, you know, nothing that's really going to set us off course major* and they're going to act. And I think they're going to act to our peril because I don't believe that there's been a sufficient vetting of the methods to go forward. I couldn't tell you right now what would be better economically, whether or not it would be this hybrid that we have now or municipalization. I'll tell you as a steward on a behalf of over 10,000 municipal employees, we're

eyeball to eyeball with the cliff. We're going over the chasm with pension contributions that are increasing almost exponentially year by year. Part of our \$180 million shortfall, I think, almost 50 to 60 million of it are ever increasing demands by the Comptroller for pension contributions. How in God's green earth would decision makers say, okay, it makes sense for us to take this group of folks that are in the private sector now and convene them and make them municipal employees. I see that as putting a gun to our head. I really do. I have nothing but the highest respect for our workforce. Do a great job. As a matter of fact, most of you know I came out of a labor household, as a matter of fact, my father was the head of IBEW 25. So I know electricians, you know, in and out, they do great work. I don't know that we're ready to go ahead and take a whole workforce and make them municipal employees. I just don't know if that's the right way to go from a work product and from a cost aspect.

But, but, but I would come back to most immediately make some kind of request of us for a request to the governor for a six month extension and then do the same with our key people in our Long Island delegation and Sheldon Silver and Dean Skelos. If any kind of request, that's the first one I give to you.

MR. CORDARO:

Yeah, I'd just like to respond as point of information on the municipal concept. It's not necessary or absolutely necessary that the employees be taken on in a municipal employee in a municipal concept as public employees. They can be directly contracted for -- through the union to maintain exact system.

And the other thing that people lose sight of is even if they were public employees, it wouldn't become a taxation or a public budget issue because all the costs for LIPA workers are paid for by the ratepayers. So it doesn't come out of government coffers. In fact, now LIPA ratepayers pay for all the pension costs and compensation of all the people at National Grid who work for LIPA and that's a fact that some -- we sometimes forget. And it's got to be a significant factor when you consider the possibility of them becoming public employees or not.

LEG. KENNEDY:

Again, as I said to you, I'm giving you off-the-cuff comments that come from my viewing of where things are at a 5000 foot level. Absolutely, your expense is driven by your revenue stream vis-à-vis rates. But there are many factors that you look at in there that go towards a blending, if you will, and the thing that comes to mind is the pilots. You know, you have rates driving cost plus significant transfer of revenue from a region-wide ratepayer base benefitting a couple of select municipalities. If, as an attorney, if I was to look at that, you know, with any other scheme, that's even a lawsuit I could win.

You know, so I don't know that I necessarily agree a hundred percent that you're looking at something that's not necessarily going to be a cost to the taxpayer. Yes, a ratepayer may not necessarily have to be a taxpayer but if you look at the overlap, probably 90%, 80% of ratepayers are taxpayers and it is a cost that ultimately they wind up bearing.

And the reason we convened you in the first instance is because each and everyone one of us gets the calls on a constant basis and the things that we saw that were just absolutely egregious. This nonsense with the leakage fee that went on for 20 years unchecked or unfound; is mind boggling. No place in government will you ever see that occur. The examples of the residents paying on a commercial rate basis and not being made whole back to point of discovery, again, the only thing I could equate it to is is an attitude of arrogance that would never be tolerated here. My constituents would vote my ass out in a heartbeat if that was what they got from my office.

And, yet, we look at that kind of posture from a board and it's, well, you know, we can't go back

before a certain point. That's why we asked you to come together because we all have experienced that and we need your technical advice and guidance to help us.

MR. SACKSTEIN:

Legislator Kennedy, first let me say thank you for coming down. Appreciate it. And I'd be delighted and I think we would all be delighted to meet with not just you, but the entire Legislature, and as I said before, our Albany delegation, let's get on the same page. I think that that's most important. We may not know all that much more than you do, but we do know is, like for example, Irv and I spent a number of years as LIPA trustees so we have a pretty good feel for what's there. We also understand why we're no longer LIPA trustees. There was a little too much integrity, I'm sorry to say, they couldn't digest it.

LEG. KENNEDY:

I believe that. Sure.

MR. SACKSTEIN:

And so the sooner we can meet with you the better. We just finished drafting a letter tonight, which will go to the governor. We'll go to you people first for you to take a look at.

LEG. KENNEDY:

Good.

MR. SACKSTEIN:

So we are in motion. We really would like to convene a meeting with all the electeds. We did this meeting when I was, when we had Action Long Island doing this way back in 1993 we met with the Albany delegation and we briefed them and it was Long Island -- Operation Long Island Ratepayer and we wanted to make it better for the ratepayers. It got screwed up. It got screwed up the way they bifurcated the deal, they screwed it up and they stuck it all to us. And we're all ratepayers so it's not just them calling you, you pay the bill also.

LEG. KENNEDY:

Absolutely.

MR. SACKSTEIN:

So tomorrow, as far as I'm concerned for a meeting, is not soon enough.

MR. CORDARO:

I think we need to take action even before a meeting. We have now worked out this letter, which is basically a summation of our recommendations and opinion, I think we should serve it up immediately to the Legislature.

LEG. KENNEDY:

Well, assuming that the board all endorses it, I would encourage you then to go ahead and send it to the Presiding Officer forthwith. Then go ahead and circulate it amongst us and, you know, time is of the essence. I will tell you that we will not logistically be all together until September 15th, that's our next general meeting. That will be first opportunity for you to go ahead and basically brief us, as Irving has many times in executive session, with some of the matters he represents us on.

But I subscribe to the carpe diem philosophy. I would prefer to see this go, I can't speak for all of my colleagues, but I believe most of them are of the same mind and I know the Presiding Officer would circulate this amongst all of us, ask us for review, comment and get back to you in relatively short fashion and I do think that it's prudent for us to go ahead and set that, you know, before the

15th. I'd encourage you to think in terms, again, and I don't want to speak for the Presiding Officer, but I'm sure he'd make time to have you come into talk to us. Many of us are eager to hear, you know, what you found so far, what the direction is that you choose to go in, what you would, you know, be looking towards sharing with us. But I think all agree that that September 26th date cannot, absolutely cannot be an action date on their part, else wise we're going to have, you know, chaos. Mass chaos.

MR. SCHROEDER:

Point of order, Legislator Kennedy, it was discussed earlier that we were going to make arrangements to appear before the Economic Development and Higher Education and Energy Committee to present to that committee and then possibly get an invitation to come before the full Legislature on the 15th. Are you suggesting that we first send the letter to the Presiding Officer and then meet before the committee?
Or would it be --

LEG. KENNEDY:

Well, what I'd say, Joe, is take the letter you have now, get it to the point where, you know, it's in the fashion you all feel comfortable with and I'd say like within the next day or two send it to Bill. Send it to Billy. So you've convened, you've looked at it, this is what your recommendations are. You're cognizant of the timeframe. You want to make sure that there's communication with the governor and enough time for him to take a meaningful act to communicate with the LIPA board to strongly encourage them to go ahead and put over this action date.

The, by all means, if you feel inclined to go ahead and brief Legislator Horsley's committee, again, he always welcomes your input, but, you know and I know even for something of serious and profound consequence, unless we're convening a special meeting the likelihood that you'll have more than seven or eight Legislators there is just, it's not going to happen. On the Thursday the 15th, you'll have all 18 of us. Absolutely. And there'll be, you know, that will be the time to go ahead and give us, you know, in 15 or 20 minutes whatever you've been able to distill at this point, in a salient cogent, manner and tell us where it is you see you going both in short term and long term and then, you know, indicate to us what we all basically anecdotally know already that there's been a woeful lack of review.

And I will tell you the other thing that I find absolutely unconscionable is the fact that LIPA commissioned this group to review this and for a million dollars they came back with something that's, you know, got less pages than a funny papers. It's crazy. Nobody would accept that.

MR. SACKSTEIN:

You know, Legislator, it's also amazing that we didn't take, collectively this board, didn't take a year and-a-half and didn't charge, you know, a million and-a-half bucks and we came to the conclusion that they came to, which is it's not the way to go.

LEG. KENNEDY:

Right.

MR. SACKSTEIN:

So if we can get this over to Mr. Lindsay as soon as possible, if he would in response tell us how soon we can meet with him or however many of them -- how many of you guys can get together, that'll be fine. You can talk amongst yourselves and tell them what we said but we just want to move; tomorrow's not soon enough.

LEG. KENNEDY:

Okay.

MR. GORMAN:

Again, I'm going to suggest that we get together with the governor's Long Island representatives as soon as possible and start talking to them. You don't have to give them a letter. We can sit down and we can talk to them. You can do it in the formal thing like this or we can send a committee over to talk to them. But we got to talk to them. We've got to let the governor know, understand, the 17th, you know how close the 17th is to the 21st. Is that about four days? You're not going to get a lot accomplished. Yeah, I mean, the governor's kind of busy. I'd rather get to him if we can --

LEG. KENNEDY:

Well, no, I agree with you, Fred. I'm not suggesting that the letter be held off till September 15th. No, I think it should go now. Absolutely.

MR. GORMAN:

I'm not just talking about the letter, I'm talking about everything. I mean, you know, I don't think we have a lot of time and everyday that we waste that we're not reaching out to somebody we should be reaching out to is a waste. You know, whether we do it independently or we do it collectively I think that we have to really start beating our drum. Banging pots. Whatever you want to call it. We got to get out there. We got to let people know there's a problem and everything else. You now have the same army behind you that stood up to the Tea Party. I should say a Tea Party that actually stood up to the teachers union and won. All right. And they have the respect of the governor and they are absolutely, as Peter will tell you, supporting your position particularly the position of let's have an elected board. {Apslo} got up there and you would of thought if you would of listened to them, if you would of been there, when they told LIPA you would of thought that they were on this committee because they followed every single tenant and every discussion that we had a hundred percent. Now that's all the civic unions in Brookhaven. So if we can get that kind of action, you know, I want to start getting people on the phone right away, I want to -- I think we should start talking to the governor's top representatives. I think we should be calling for a meeting. You know, I'm perfectly willing to drive anybody who wants to come with me up to Albany if we have the meet people up there.

LEG. KENNEDY:

Let me ask one technical question if I can. The study that was done, I didn't get a chance to get onto the LIPA website, I was following your e-mails back and forth and it was supposed to have ultimately been posted, did it ever get put up there? I mean, is it something that can actually be had now?

MR. CORDARO:

Yeah, it's a PowerPoint presentation. It's a 37 page PowerPoint presentation, which is on their website and we can send it to you. We can provide you a link.

LEG. KENNEDY:

Does anybody know of this consulting firm? I mean, do they have any, you know, reputation within the power industry?

MR. CORDARO:

Yes, they do. They're quite an accomplished firm, but they're economists.

LEG. KENNEDY:

Okay.

MR. CORDARO:

And what has happened here is they've gone through some calculations and some manipulations basically came to the conclusion looking at it just a small component of LIPA's total costs, the costs for the transmission and distribution network operations and said economically they're both equivalent, but and this is where the subjectivity really enters, we feel there's more risks with this concept versus that concept. And so it's better to pretty much stay as is with some minor tweaks. And that's really what -- in a nutshell that's what it all boils down to, but it's pure subjectivity, very heavily influenced and almost directed by someone with a bias and that's the C.O.O., the chief operating officer of LIPA who has everything to gain by maintaining the existing system. So there's a built-in conflict of interest, I'm not claiming any ethical breeches there, but he's -- his position is such that he really can't opine and express what his feelings are on the relative risks of one concept versus the other. So naturally they are pushing the board towards maintaining the status quo.

LEG. KENNEDY:

Let me ask you one other thing and it's just, you know, an opportunity for me for all of you that have such, you know, background and experience. Irving, you would probably know, actually many of you would know it, some of the e-mail thread talked about the reduction of the Shoreham debt. And today it appears that the corpus of that debt has not been reduced beyond where we were at even when LIPA was first developed when it moved over from LILCO. How can that be?

MR. CORDARO:

Yes, I believe you're correct. What they've done, they charged ratepayers for the cost of Shoreham and as we put on our website the other day and became evident from the presentation that the Brattle Group gave the board, there's \$2.6 billion in unamortized debt and cost associated with Shoreham, which means they have collected about \$3 billion plus in rates from customers to theoretically pay off the Shoreham costs or retire the debt. However, they have not done that. What they have done is take that money and pour it back into operations and use it to cover other costs associated with operations. So in the process none of that original debt has been retired.

LEG. KENNEDY:

Irving, how can that be that they can divert those proceeds when those bonds that were let, had a set, a retirement schedule, didn't they?

MR. LIKE:

You know from the lawsuit that I've been reporting on to the Legislature -- let me give you some examples, they took -- they gave Nassau County an additional rebate, 25 -- they could of put that to the Shoreham debt. Right?

LEG. KENNEDY:

Right.

MR. LIKE:

They gave Nassau County 25 million to reduce its budget deficit. Another 25 million gone, which they could of used to reduce the debt. They then filed a false and misleading prospectus when they sold the bonds the reason it was false is the proceeds were not enough to pay the authorized rebates and credits and also the 25 million given to Nassau County. When we confronted them with that during depositions they first denied that they had used the bond proceeds and then changed the testimony saying that they used the arbitrage earnings, which amounted to 18.3 million over three years. The problem is that the arbitrage documents required them to use the arbitrage earnings to reduce the Shoreham debt. So you got 50 million given to Nassau, you got another 18.3, which should have been used, they took 6 million point 7 of cash to make it up and then they back credited it to (inaudible) -- these are the sort of things they have been doing.

Now one of questions I have based upon what Matt has just pointed out to you about the unamortized 2.6 billion -- Matt, am I correct, that reminds of the old -- the so-called phantom federal income taxes.

MR. CORDARO:

Yeah, it's very similar.

MR. LIKE:

Yeah, that's an analogy. You want to explain that, so we understand it.

MR. CORDARO:

Well, in the old days utilities kept two sets of books; one for tax purposes and one for ratemaking purposes. And they were allowed to by law and by the government and basically what they did in one set of books they depreciated on accelerated basis their assets and so they paid taxes on less money than they otherwise would pay. But on the ratemaking side they didn't do that, they depreciated and collected rates on it even though -- including the taxes that will be due on --

MR. SACKSTEIN:

You mean they depreciated more slowly.

MR. LIKE:

So the question that arises then is that if they had not used it in the manner that they -- we know they did, but applied it to the Shoreham debt you would have a reduced debt, you'd have a lower Shoreham surcharge.

LEG. KENNEDY:

Yeah, I -- look again, you gentlemen are here because you know much more about this than I do. But points like that, I'd encourage you to distill down for all of us because in very quick fashion if we can aggregate 65, 70, 75 million that was very clearly diverted that could have been applied towards, you know, deficit reduction, again, I can only analogize to, you know, what my life has been like standing for election for two years, I'd be hung out to dry. I really would.

MR. SACKSTEIN:

John, you know, you look at that and then you also have to look at the fact that the management services agreement when it was originally handed out never went out to bid. Okay. So that was a huge violation of the public service and the general municipal law. It should of went out to bid. And then with Kevin Law at the helm, an attorney, they amended and extended it without a bid again. How many billions was it -- how many billions of dollars did it cost the ratepayers because they didn't do it legally. And I got to tell you, Steve Holliday, the President of Grid had said *we never wanted to be in the electric business. We're a gas company.* But what we did like about this whole transaction was the very lucrative management services agreement. It is my considered opinion and remember we pushed, meaning action Long Island, pushed to have this put out to public bid. Okay. If this happens, and I hope it doesn't, that the M.S.A. is awarded again, and I hope it doesn't, I wouldn't be too surprised to see it come in at a price lower than what it was for the first time because it's competitively done. I don't know how competitively it was done because we, Action Long Island, were foreclosed, barred at the door from coming to the proposers conference by a security guard and the LIPA -- and a LIPA representative barred at the door. And we went there specifically to find out about this issue of transparency. I subsequently got a call from Kevin Law's office saying, *you know, we reread this thing and you were right, you should of been allowed in.* So I've got all that documentation, and I've got to tell you, so how transparent this process was, I don't know and many times we've corresponded with Tom DiNapoli and asked Tom to get us information and he has said repeatedly, they won't give it to him. So we asked him to, because they're in the midst of contract negotiation, okay, so we asked him to at least get from them the matrix that was

utilized for the waiting to determine who should be excluded or included in this final determination and he couldn't get that from them either. So we don't even know what they used as a decision making process to come down to the final three.

So there's a lot of bumps on the road here, John, and forgive me for calling you John because I had great working relationship with your dad for many, many, many years and I treasured it. I'll tell you the story afterward. Okay.

So there's a lot happened here that has cost us, you're talking about 50 million here, you're talking about 60 million. It's nothing, nothing. Talk about the human resources that they have on staff right now in terms of expertise and what they pay them and how far and away above they are. Let me tell you something, for years I've said to Bobby {Shan}, we are in there to protect your people. We'll do anything we can to protect your people. And that runs back because of the time when -- we were dad and 25, before he moved to the Nassau system.

LEG. KENNEDY:

Sure.

MR. SACKSTEIN:

I'm concerned about them. They've always been pawns in the process. Every time a contract gets renegotiated these people are at risk. I don't want to see that.

LEG. KENNEDY:

Well, not only are they at risk but actually when you talk about the workforce and that's a point to bring home here, you know the average age of a lineman right now is approaching 47 to 48 years old. They're hitting their retirement age and the corpus of high tension linemen has been reduced so dramatically over this course of time that as we sit here today and wonder if by the weekend we're going to have a force two or force three hurricane in our midst, what are we going to be able to do to address that other than the debacle that we had for out-of-state crews from four states shipped here, like we did for the near miss the last time.

Again, certainly nothing -- we can't operate like that as a County when it comes to delivery of service. We've talked about, you know, adequate staffing, but you see it in our Policing, our Probation, our other critical services; we have to have a certain number of personnel. We don't have the luxury of letting our people continue to retire and not see the class. It's inconceivable. High tension electrical work is dangerous work, as you gentlemen all know. And you don't pick somebody off the street and teach them in three months how to go ahead and handle 220 lines or higher voltage. Doesn't happen. High learning curve.

And, again, it's just -- I don't want to go on and on, meanwhile capitalize on your meeting, but what I do want to do is I do want to give you a window into, I guess, some of what the thoughts this Legislator has in being support of this committee and knowing that the balance of my colleagues are looking for, you know, some input very shortly and just to stress again that communication.

MR. GORMAN:

John, you know, you talked about \$50 million before.

LEG. KENNEDY:

Yeah.

MR. GORMAN:

Do you know that \$200 million is 1% of the budget. If you take all the employees together in LIPA, they don't represent 2% of the budget. They're the only corporation I know that Human Resources

is so low on. If you're going to make a change that's going to dramatically affect Long Island even though a lot of people on the board think you're going to have terrible legal problems with whatever, we have to convince Albany Legislators that they have to free LIPA from those pilots so that that money can be used to pay down the debt. You have to realize those pilots are the largest body of money that we can get our hands on that can significantly have an effect. Some people say it's 20% of your debt. Other people say it's 25. I'll say it's 18. But if you could take 18% and let them use that money because that's a billion dollars. If you can reduce that within then years you could be debt free. You could then ten years from now decide, you know what, let's take it private and actually make some money on the deal. There are things, I know that there are people here who would disagree with that, but I got to tell you, I don't think the governor's people disagree with that. I think there are guys on the LIPA board that would like to see that, you know, they're fighting all the certiorari, I don't want to fight certiorari. I want to take it away because I don't think the kids are, you know, a classroom size of one to twelve in Port Jeff should be supported by the people of Brentwood. And I think from a business point of view if we could stabilize our energy and bring it down reasonably at a reasonable tax pace, maybe we could start getting some hundred thousand dollar jobs here.

So, I, you know, I very much support not going after just one or two percent. I'd like to get 15, 20, 25%, maybe even, I don't know that we could ever get 40% out of our rate and get us down to where Freeport is but I would certainly like to try my best to do that. And I think we have to just look at all issues, you know, understand right now is the perfect time for this management services agreement. This is the time and we can get going and we can certainly bring things to a head. It is the -- actually the end of their agreement and it is a time where everything could be changed and we're sitting here with a governor that really wants to -- that he cares more about the economic viability of Long Island than he does about his political cronies.

LEG. KENNEDY:

No doubt. But let's focus on let's get the date moved and then let's dive into, you know, getting some accommodations here across the board.

MR. SACKSTEIN:

And we'd like to say this for a moment --

LEG. KENNEDY:

Let me stand down. Of course, we'll be here all night.

MR. SACKSTEIN:

-- and, Joe, I'm not going to not let you go, but I would like to invoke the privilege of the Chair and say, I'm looking at the clock, I think we could wrap at 8:00. Joe, go for it.

MR. SCHROEDER:

Legislator Kennedy, just a point of order. The letter that we've agreed by consensus should go the governor. That's a letter that should be coming from the Suffolk County Legislature?

LEG. KENNEDY:

No. I do not for a moment think that that's something that we should be preempting you on. What I am suggesting though is is that by virtue of resolution this board was created and convened to go ahead and look at, investigate and recommend action. And I believe that communication to the governor to request delay is something that all of us around the horseshoe would agree with. I think that we should get a chance to look at that letter though because you are a group that was created by resolution by a majority.

So I'm not suggesting to you I want to usurp your role. I also don't want to look over your shoulder

but I think if anything what we can do is is then perhaps mimic the communication you have. Again, I don't want to speak for the Presiding Officer, I mean, ultimately that's going to be his recommendation. I will tell you as the minority leader for the Republican caucus I will speak on behalf of my five colleague Republican Legislators and tell you that all of us you have unanimity amongst the Republican Legislators in wanting to have this timeframe delayed and to look at some of the things that I've just spoke to you about.

MR. LIKE:

Would it be possible to get the Presiding Officer and the minority leader and the County Executive to endorse the recommendation of this committee without waiting for the full Legislature to act?

LEG. KENNEDY:

We probably could arrange that pretty quickly, Irving. As a matter of fact I'm usually in contact with Bill on almost a daily or every other day basis and Jon Cooper I can speak with. We would probably be able to we three subscribe. The County Executive; perhaps. I don't know. I would never presume to speak for the County Executive.

MR. SACKSTEIN:

Could I categorize that as a definite maybe.

MR. LIKE:

My hunch is you can get it done and it would certainly strengthen the communication from our committee.

LEG. KENNEDY:

Okay.

MR. SACKSTEIN:

Is there any other business -- we have to -- short timeline. Peter, you want to help me with that.

MR. SCHLUSSLER:

Yes. Yes, please. I just want to go over a couple of dates. So we're looking at the 7th for the Energy Committee meeting. We need to have a presentation available in such a way that it'd be our white paper as far as our position. So I'm looking for content as much as that you guys wish me to start weaving together for what we're going to present to the Energy Committee.

We also are establishing a public hearing mid September. And I've been trying to work with Babylon but unsuccessfully to try to get their town hall. I don't know really what's going on down there, but for whatever reason it just not seemed to work. So at this point I'm going to say that we're going to have the public hearing in Hauppauge in mid September. Now recognizing that fact the question is and I propose to the committee before or after the 22nd?

MR. SACKSTEIN:

Does that meeting have to be in Babylon?

MR. SCHLUSSLER:

It doesn't. But we had --

MR. SACKSTEIN:

Have we approached Huntington? He's not running.

MR. SCHLUSSLER:

No, hold on a second. Basically what I was looking for was Legislator Romaine's district, we held

the first meeting there. Second one was going to be Legislator Horsley's and the third was going to be in Hauppauge. That was the goal. So at this point nobody has any objection are we going to do it before or after September 22nd?

LEG. KENNEDY:

Pete, can I just interject for one second there and make a suggestion, I've attended a couple of forums down in West Babylon or North Babylon school district. They have a mammoth school auditorium there.

MR. SCHLUSSLER:

Their Phelps Lane auditorium. That's what I was trying to get my hands on.

LEG. KENNEDY:

Right off Little East Neck Road there.

MR. SCHLUSSLER:

Yeah, Phelps Lane. I was looking Phelps Lane or the town hall and I was unsuccessful apparently to secure in neither. Interesting, but, I don't know.

LEG. KENNEDY:

I'll talk to you after the meeting.

MR. SCHROEDER:

The only constraint on scheduling that meeting, Peter, is going to be the advertising requirement in terms of holding a public hearing.

MR. SCHLUSSLER:

And that requirement be in 30 days.

LEG. KENNEDY:

I have to look at the resolution.

MR. SCHLUSSLER:

Okay. I'll take a look at it, okay. I'll keep that in mind.

LEG. KENNEDY:

I would imagine it's got to be, you know, looked at in 30 days, at the very least, two weeks.

MR. SCHLUSSLER:

Okay, we're well within that window. And I guess my question, again, just to the committee, before or after the 22nd? I just need a consensus.

MR. CORDARO:

I think before if we possibly can. Yes.

MR. SCHLUSSLER:

So, I'll make arrangements for before. And I'll throw out some dates once I look at what's available here. I'll talk to Tim tomorrow.

And then we spoke about, Matt, you mentioned the 16th is when LIPA is going to have a board of trustees meeting.

MR. CORDARO:

They're going to have a -- they just announced today, they don't announce it, it's just sort of slips onto the event list. And, so, they're going to have a meeting at 10:00 a.m. on September 16th in Uniondale in their public amphitheater that's in the basement. What the agenda is or what the subject is hasn't been announced.

MR. GORMAN:

That's got to be a big meeting.

MR. CORDARO:

Yes, because it's in that auditorium so they're welcoming public participation and attendance. But there's no detail, this is just today. Maybe hours ago that it was listed.

MR. SCHLUSSLER:

Okay. Then my next question would be do we want to have another meeting such as tonight prior to at least September 7th and basically within the next two weeks so that we can at least finalize, obviously we're contacting each other in e-mail and phones and all that other good stuff, but just to finalize our final push in strategy on what we have to do for the next several weeks in September, the preparation for the public hearing, 22nd, attendance yes, no, whether we're going to the 16th meeting, the 7th meeting, so on and so forth. So I just want to get a consensus do we want to have another meeting within two weeks, yes or no?

MR. CORDARO:

I would suggest that you canvas the board and see their availability and it might be a good idea. In fact, it might be a good idea to possibly invite the governor's representatives into that meeting and use that occasion to talk to them.

MR. SCHLUSSLER:

Okay. So I'll reach out to -- the representatives; one's from Nassau, one's from Suffolk, I'm focusing on just a Suffolk person at this point.

MR. GORMAN:

Get them both.

MR. SCHLUSSLER:

I guess we all agree on that.

MR. CORDARO:

Yeah, I think if you can. I mean, it's a question of what's possible and what isn't.

MR. SACKSTEIN:

You know, from that perspective I would ask perhaps a representative from the Suffolk County Legislature to reach across to the Nassau County Legislature because the issue is an Island wide issue. Legislator Kennedy, we were just talking a little bit about perhaps having a representative from the Suffolk County Legislature reach across to the Nassau County Legislature and involve them because my best recollection is that this power is across all of Long Island and we shouldn't be, you know, excluding them in this dialogue.

LEG. KENNEDY:

No, I agree with you. As a matter of fact I just wrote a note to call Peter Schmidt and the other thing that I thought of is for the 16th, we should probably talk a little bit, Shelly, you know that in the past I was involved with an issue when Broadwater wanted to build that pipeline and as a matter of fact LIPA was -- they had an interesting role there, I mean, they never actively overtly supported

it, but they had to acquiesce to make the right-of-ways available. So I did appear at a couple of their meetings and actually spoke in opposition to the pipeline that they were planning from Commack that was going to run out to Caithness. And I personally would be inclined to go on the 16th and I would speak to Bill Lindsey and Jon Cooper and maybe it might be appropriate for us to be there specifically to go ahead and communicate that message of postponement, if you will.

MR. SACKSTEIN:

That would be greatly appreciated. It's the kind of weight and support that I think is essential and if Peter could weigh in on it just as well. And clearly we should be speaking also to the two County Executives and we haven't even reached out to them, you know, at this point and I think we should.

MR. LIKE:

What about State Legislators, those who will be involved in the drafting?

MR. SACKSTEIN:

State Legislators need to be engaged.

MR. LIKE:

State. I'm talking about State Legislators.

MR. SACKSTEIN:

State. I'm talking about the Albany delegation.

MR. LIKE:

Yeah.

MR. SACKSTEIN:

Absolutely should be engaged.

MR. LIKE:

Right.

MR. SCHLUSSLER:

Believe it or not, I actually e-mailed them every posting that we put up on the website. So in theory if they're reading their e-mail, they're pretty much engaged. I would hope.

MR. SACKSTEIN:

Well, I'll define engaged differently. Invited to come in and have a conversation with us so that we can, as Legislator Kennedy has been kind enough to stay, he's seen this from the 10,000 foot level. I can tell you when we briefed the Albany delegation back in 1994, they weren't even at the 30,000 foot level and that's not a negative that's just a reality. I mean, they don't necessarily dig into an issue the way we were digging into it through Action Long Island and really trying to address the issue at the ground level.

MR. CORDARO:

I agree that we need to do that at some point especially as we approach the Legislative session. But the clock is ticking and we have less than 30 days, I think, till September 22nd. So we have to order in levels of priority what we're going to do first and the agenda is starting to get quite full right now. It's going to be hard to schedule too many more meetings with many more different people so we've got to single out where we can have the greatest impact in the shortest period of time so that we can hopefully get a delay on LIPA's decision on September 22nd.

MR. GORMAN:

I also think that the Democrats have pretty much accepted a policy. I think they've already done it. I think if you talk to Sweeney, his staff, or you speak to Englebright or their staff or you ask around, they're all pretty much in support of the LIPA board and the LIPA board already is aware of the that. And that's why I'm telling you the governor -- if somebody could make a significant change, he's going to listen. But if you're talking about one or 2% of a rate difference he isn't going to see much of a difference.

MR. SACKSTEIN:

I would challenge the governor, given that he's got the power, to get it to a number greater than 2% if that's what he wants. Let him do it.

MR. GORMAN:

I'm going to say again, those pilots can bring it up to 15% in a heartbeat if we can get the Legislature to turn around and pass it. They have to change the LIPA law to do that. It can't be done by the LIPA board. Has to be done by the Legislature, it has to be a Legislative action. And I think you'd find the governor on your side.

MR. SCHLUSSLER:

Okay. I just want to get back to the agenda. So we're going to get this letter done within the next 24/48 hours and we'll send it over to the Presiding Officer. That's correct?

MR. SACKSTEIN:

Correct.

MR. SCHLUSSLER:

Okay. And we'll send a copy, courtesy copy to John and Legislator Horsley and Romaine.

LEG. KENNEDY:

And Jon Cooper.

MR. SCHLUSSLER:

And Jon Cooper.

MR. SCHROEDER:

What I'll do tomorrow is I'll arrange this in what could be the final draft format. I'll circulate it to the committee. Those who have been attached on the correspondence routing and I'll include Legislator Cooper and Presiding Officer Lindsay and we can agree on a final version of that or Fred you could not. Just kidding. I'd be disappointed if you didn't.

MR. GORMAN:

Mr. Kennedy, very respectfully, do you need anything besides being 18 years of age and a citizen of Suffolk County to sit in this august body? Yes or no?

LEG. KENNEDY:

One would hope brains, but I don't know, Fred.

MR. GORMAN:

Yes, but, I mean, that's all you require.

LEG. KENNEDY:

I thought he said trains and I said, no thanks, I'd like to walk.

MR. GORMAN:

Right, yes. That's all that requires to sit here. That's all that requires to be the governor. I personally do not feel that we need expert professionals.

MR. SACKSTEIN:

No, no, wait, wait, wait. He was kidding and I'm going to call the meeting to a close.

MR. GORMAN:

Okay.

MR. SACKSTEIN:

If that's okay with everybody. All those opposed? Hearing none in opposition, the meeting's adjourned.

THE MEETING CONCLUDED AT 8:09 P.M.

{ } DENOTES SPELLED PHONETICALLY